



RECEIVED

JAN 31 2002

DIVISION OF  
OIL, GAS AND MINING

*m/001/027 ✓*  
*5/001/043*

January 30, 2002

D. Wayne Hedberg  
Permit Supervisor  
Minerals Reclamation Program  
Department of Natural Resources  
Division of Oil, Gas and Mining  
State of Utah  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, Utah 84114-5801

Dear Wayne:

Enclosed are the Annual Reports for Basin Perlite Company's Pearl Queen Perlite mine, M010027, and the Pearl Queen Milford Mill Site, S010043 for the Year 2001. I have included two reports for the Pearl Queen perlite mines as we are now operating in two pits, the Pearl Queen pit and the Schoo pit. The report for the Pearl Queen Milford Plant Site is included as a matter of record but not fully completed.

Based on Basin's meeting with Lowell Braxton and Mary Ann Wright on November 13, 2001, Basin is no longer subject to jurisdiction by the Minerals Reclamation Program for the plant site. In that meeting, Mr. Braxton and Ms. Wright agreed with Mr. Gatten, our consultant and me that existing permits by other State of Utah and local agencies provide sufficient regulatory authority over the plant operations. Further regulation by the Department of Natural Resources is a duplication of the other existing permits. We have not received a written confirmation of this policy but anticipate such a letter based on the verbal commitment made by Mr. Braxton at our meeting in November.

If you or your staff has any questions regarding these reports, please call me at (720) 904-1900.

Very truly yours,

William R. Wilson  
President  
Basin Perlite Company

CC: Tim Hall – Basin Perlite Company  
Jay Gatten – North American Exploration, Inc.

0001